

**GOVERNMENT OF ANDHRA PRADESH
ABSTRACT**

Municipal Administration and Urban Development Department - Hyderabad
Metropolitan Water Supply and Sewerage Board - Krishna Drinking Water
Supply project-Phase-III for augmentation of Water Supply to Hyderabad Urban
Agglomeration with an estimated amount of Rs.1670.00 Crores - Administrative
Sanction - Accorded - Permission to obtain the financial assistance from the
HUDCO for an amount of Rs.1500.00 Crores - Orders - Issued.

MUNICIPAL ADMINISTRATION AND URBAN DEVELOPMENT (K) DEPARTMENT

G.O. Ms.No. 325,

Dated:24 .08.2012.

Read the following:

1. Government Lr.No.803/K1/2011, Municipal Administration Urban Development (K1) Department, Dated:09.03.2011.
2. From the Managing Director, Hyderabad Metro Water Supply & Sewerage Board, Hyderabad Letter No. HMWSSB/MD/KDWSP Ph-III/2011-12, Dated:04.08.2011.
3. Minutes of the 21st meeting of Board of Directors of HMWS&SB held on 26.8.2011.
4. Board Circular Resolution No.538 seeking administrative approval for the project duly finalizing appropriate funding options.
5. From the MD, HMWSSB, Hyderabad, Lr.No.1262/CMO/D1/2011, Dated: 29.09.2011.
6. From the Regional Chief, HUDCO, Hyderabad Lr.No.HUDCO/HRO/HMWSSB/20051/2011, Dated:04.11.2011.
7. From the Managing Director, Hyderabad Metro Water Supply & Sewerage Board, Hyderabad, Hyderabad, Lr.No.HMWSSB/MD/KDWSP Ph-III/PPP/2011-12/546, Dated:09.11.2011.
8. From the Managing Director, Hyderabad Metro Water Supply & Sewerage Board, Hyderabad, Hyderabad, Lr.No: HMWSSB/MD /KDWSP/2012-3895, Dated:26.05.2012.

ORDER:

Krishna Drinking Water Supply Project (KDWSP) is developed in Phases, harnessing water resources of the river Krishna at the Nagarjunasagar Reservoir. Phase-I and Phase-II of the Krishna Drinking Water Supply Project (KDWSP) have been in operation since year 2004 and 2006 respectively. Further, Hyderabad Metro Water Supply & Sewerage Board has proposed Phase-III of the Krishna Drinking Water Supply Project (KDWSP) to augment water supply to the Hyderabad Urban Agglomeration. The main objective of the project is to augment water supply to the service areas of Hyderabad Metro Water Supply & Sewerage Board. Capacity of the Phase-III system is envisaged to be identical to the capacity of Phase-I and Phase-II systems, i.e., 90 mg/d each. Thus, upon commissioning of Phase-III system, gross supply of water from Krishna Drinking Water Supply Project (KDWSP) will be 270 mg/d. Gross allocation of raw water from Nagarjunasagar Reservoir for drinking water supply purpose is pegged at 5.5 TMC x 3 Phases, totaling to 16.5 TMC=282 mg/d. Upon commissioning of Phase-III, allocation of water from Nagarjunasagar will be fully utilized.

2. The Managing Director, Hyderabad Metro Water Supply & Sewerage Board, Hyderabad has also reported that, due to rapid urbanization in Hyderabad City and merger of surrounding Municipalities into Greater

(PTO)

Hyderabad Municipal Corporation and the Special Economic Zones (IT & ITES Establishments), Outer Ring Road Growth Corridor, there is huge demand for water supply in addition to the normal domestic demand. The existing total installed capacity from all the sources i.e., Osmansagar, Himayatsagar, Manjira Phase-I & II, Singur (Phase III & IV) and Krishna Phase-I & II is 340 mgd. Based on the source dependability, the available net quantity of Water would be about 271.50 mgd only. For the year 2011, water demand is about 459 mgd and there by a deficit of 187.50 mgd, currently exists in the system.

3. The Managing Director, Hyderabad Metro Water Supply & Sewerage Board, has submitted the Detailed Project Report on “Krishna Drinking Water Project Phase-III” with an estimated amount of Rs.1670.00 Crores approved in the 21st Board Meeting of Hyderabad Metro Water Supply & Sewerage Board held on 26.08.2011, to the Government to process the Project for financial assistance and to accord administrative sanction. Further, the proposal has been discussed during the Secretaries Committee meeting held on 02.09.2011 and review meeting held on 27.09.2011 by the Special Chief Secretary to Chief Minister. It was suggested in the meeting to explore the various funding options to take up the above Project.

4. The Managing Director, Hyderabad Metro Water Supply & Sewerage Board in the letter seventh cited has informed that the Housing and Urban Development Corporation Limited (HUDCO) has given consent for in principle sanction of financial assistance of Rs.1500.00 crores to Hyderabad Metro Water Supply & Sewerage Board towards implementation of Krishna Drinking Water Supply Project Phase-III.

5. Government have reviewed the Krishna Drinking Water Supply Project Phase-III on 26.05.2012 and considered the different funding options for sanction of Krishna Drinking Water Project Phase- III in pursuance of the earlier decision of the Board Circular Resolution No.538 to take up the Project simultaneously along with the on-going Godavari Drinking Water Supply Project Phase-I and further deliberated on the time lines, required for sanction process and the lending rates, as well as the prevailing water supply situations, necessity of additional drinking water requirement for Greater Hyderabad Municipal Corporation and surrounding areas as per the population projected vis-à-vis the demand-supply deficit and also in view of the fact that the dependency of the Osmansagar/Himayatsagar lakes has gone down to critical levels in view of the 27% deficit rain fall in 2010-11 and also the need to supply water not only to Greater Hyderabad Municipal Corporation but also outside Greater Hyderabad Municipal Corporation areas to various industrial/commercial and multistoried housing Projects in both Government and Private Sectors existing and coming up in the outskirts, and decided in larger public interest to take up the Project with Housing and Urban Development Corporation Limited (HUDCO) loan assistance for commencing the Krishna Drinking Water Supply Project Phase-III by Hyderabad Metro Water Supply & Sewerage Board on top priority to alleviate the drinking water needs of the citizens of the Capital City and its surroundings at the earliest.

6. Accordingly, Government hereby accord administrative sanction for an amount of Rs.1670.00 Crores (Rs.1500.00 Crores from HUDCO loan and balance Rs.170.00 crores from State Government funds) towards the cost of Krishna Drinking Water Supply Project-Phase-III and also permit the Managing Director, Hyderabad Metro Water Supply & Sewerage Board, to raise loan of Rs.1500.00 Crores from HUDCO @ 12% interest rate per annum for Krishna Drinking Water Supply Project Phase-III with Government guarantee and with financial support of the Government of Andhra Pradesh towards repayment of loan, providing

budget under line item “Loans to Hyderabad Metro Water Supply & Sewerage Board - Krishna Water Supply” in each annual budget for full repayment of loan including interest for the loan availed, till completion of entire loan repayment, subject to meeting the balance project cost and cost overruns if any and provide budgetary provision during the project construction period for completion of the Project as envisaged.

7. Government also direct the Managing Director, Hyderabad Metro Water Supply & Sewerage Board to propose the balance Head works project component to Japan International Cooperation Agency (JICA) for financial assistance separately to ensure stabilized supply from the source for all the Krishna three phases. Further, the Unaccounted For Water (UFW) process should be initiated to account for at least 40 mgd in the first year. The initial amount required for survey and installing meters etc., for the above work would be proposed to Mega City funding/other source of funding like BOOT/PPP project as finalized by Government, separately.

8. The Managing Director, Hyderabad Metro Water Supply and Sewerage Board, Hyderabad shall take necessary further action in the matter accordingly.

9. This order issues with the concurrence of Finance Department vide their U.O.No: 3816/315/A1/Expr.M&F/2012, dated:09.08.2012.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**B.SAM BOB
PRINCIPAL SECRETARY TO GOVERNMENT (UD)**

To
The Managing Director,
Hyderabad Metro Water Supply & Sewerage Board, Hyderabad.

Copy to :

The Finance (DCM.II) Department,
The Finance (Exp. M&F) Department.
The P.S. to Secretary to Chief Minister.
The P.S. to Minister for Finance /
The O.S.D. to Minister for MA&UD.
The P.S. to Chief Secretary
The P.S. to Principal Finance Secretary.
The P.S. to Prl. Secy. to Govt.(UD), MA & UD Dept.
SC/SF.

//FORWARDED :: BY :: ORDER//

SECTION OFFICER